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SUBJECT: BRAZIL:AMBASSADOR MEETS WITH FORMER PRESIDENT
FERNANDO HENRIQUE CARDOSO

Classified By: Consul General Thomas J. White for reasons 1.4 (b) and (d)

SUMMARY

¶1. (C) Ambassador Sobel met June 15 with former Brazilian President Fernando Henrique Cardoso (FHC) to discuss the activities of FHC,s think tank and possible areas of cooperation. Cardoso spoke at length about Sao Paulo Governor and presumptive 2010 PSDB Presidential candidate Jose Serra. FHC also indicated that he himself may travel to Jerusalem in August on a mission with former President Carter, former UNSYGEN Kofi Annan and other "Elders", and expressed interest in a detailed briefing on U.S. Middle East policy. END SUMMARY.

THE FHC INSTITUTE AND U.S.-BRAZIL RELATIONS

¶2. (SBU) The Ambassador called on former President Fernando Henrique Cardoso to discuss the work of the Instituto Fernando Henrique Cardoso (IFHC), a think tank created by Cardoso to discuss and analyze public policy issues. The institute is allied with, but independent of, FHC,s Brazilian Social Democratic Party (PSDB). Also attending the meeting were the Consul General, former Foreign Minister Celso Lafer, IFHC VP Jovelino Mineiro, IFHC Director Sergio Fausto, and University of Sao Paulo political scientist Maria Herminia Tavares.

¶3. (SBU) Given the continued growth of high-level USG visitors, as well as upcoming 2010 Brazilian Presidential elections, the Ambassador expressed the desire to increase our exchanges with the FHC Institute, to ensure that senior visitors get a range of political perspectives in their Brazil discussions. FHC welcomed such opportunities and offered to organize roundtables and other events as appropriate. The Ambassador outlined the significant progress made in the bilateral relationship since the exchange of Presidential visits in March 2007, including biofuels, the broader energy relationship, G20 cooperation, defense cooperation and new efforts on food security. Recent important advances on Cuba policy at the OAS Summit were due in part to effective U.S.-Brazil consultation and cooperation. Brazil,s increasing international prominence makes such collaboration all the more important.

¶4. (C) Cardoso agreed that Brazil is enjoying a "new moment", where Brazil will play an ever more important role on key international issues. However, he argued that Brazil still lacks a "strategic direction", and that President Lula,s

government is missing an important opportunity. There is new convergence with the United States on a range of important questions - energy, climate change, counter-narcotics and public security - and such convergence should be fully explored. Cardoso added that he has an excellent rapport with WHA Assistant Secretary-designate Arturo Valenzuela.

JOSE SERRA AS PRESIDENTIAL MATERIAL

15. (C) Turning to the October 2010 Brazil Presidential election, FHC said that Sao Paulo Governor Jose Serra has at least a 50-50 chance of winning the election. In order to run for the presidency, Serra will have to resign the governorship by April 2010. At that point, according to Cardoso, Serra will need to get a number of important international trips under his belt, mentioning the U.S., Europe and China specifically, intimating that Serra,s resume is in need of buttressing in this area. (NOTE: Serra spent time in Chile in exile during military rule, and studied and taught at Cornell and Princeton in the U.S. END NOTE) Cardoso said that he would be prepared to encourage Serra to meet with senior USG visitors in the interim, as Governor, and raised the possibility of hosting a major seminar on U.S.-Brazil relations next spring, once Serra leaves the Governor position.

16. (C) In response to questions about his views on Serra as a potential President, Cardoso offered insights on regional foreign policy, climate change/renewable energy, and economic advisors. At one point during the conversation, FHC said that Serra would be much less sympathetic toward Venezuelan

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President Chavez and his fellow Bolivarians than is the current PT-led government of President Lula. FHC directed us to Celso Lafer,s recent testimony on Venezuela before the Brazilian Senate as indicative of the direction that Serra might take on issues such as Venezuelan accession to Mercosul. (NOTE. Lafer opposed Venezuela,s accession to Mercosul in his June 9 testimony, citing inconsistency with Mercosul,s democratic character. END NOTE.) Lafer and former Ambassadors Sergio Amaral(Cardoso,s former Foreign Minister) and Rubens Ricupero (former Finance Minister who launched the Real) are close advisors on the range of foreign policy and trade issues. On issues related to climate change, FHC said that Serra listens to Israel Klabin (President of the Brazilian Foundation for Sustainable Development), former Minister Professor Jose Goldemberg, and SOS Mata Atlantica President Fabio Feldman.

17. (C) Among Serra,s chief economic advisors, Cardoso and others also listed:

- Armino Fraga, former Central Bank President
- Jose Roberto Mendoza, former Finance Ministry official
- Luiz Belluzzo, economist and consultant (and President of Serra,s favorite soccer club, Palmeiras)
- Antonio Delfim Neto, former Minister of Finance
- Jose Roberto Alfonso, former BNDES official. Reportedly particularly influential on fiscal issues, Alfonso co-authored a piece with Jose Serra on municipal finances in the early 1990s.
- as well as Rubens Ricupero and Sergio Amaral (above). Amaral is reportedly influential on commercial matters involving Brazilian companies.

MIDEAST TRAVEL

18. (C) Cardoso indicated that he may travel to Jerusalem in August along with former President Jimmy Carter, former UN Secretary General Kofi Annan and former Norwegian PM Gro Brundtland - all part of "the Elders" group. He expressed some reservation about the proposed trip, noting what he described as President Carter,s strong views and sometime unpredictability. FHC indicated that, should the trip materialize, he would appreciate a detailed and authoritative

briefing on U.S. Middle East policy. Cardoso has read President Obama,s Cairo speech, which he praised.

COMMENT

19. (C) Former President Fernando Henrique Cardoso clearly is looking ahead to a Jose Serra presidency, despite his 50-50 chance comment, and is considering how best to prepare a candidate he views as a protege. FHC was markedly candid in discussing the circle of advisors who will help shape Governor Serra,s views. His FHC Institute could provide a useful partner in increasing the Governor,s access to senior U.S. interlocutors. END COMMENT.

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